



## Legislation Text

**File #:** 14-0428, **Version:** 4

HEARING - Chief Administrative Office recommending the Board consider the following:

- 1) Conduct a public hearing in accordance with California Revenue and Taxation code 99.02 (e), to consider the effects on fees, charges, assessments, taxes, or other revenues resulting from the transfer of \$256,651 in base property tax revenue from the County general fund to the El Dorado Hills County Water District ("District"); and
- 2) Adopt and authorize the Chair to sign Resolution **072-2016** amending Resolution 064-2014, approving the negotiated transfer of County general fund base property tax revenue to District pursuant to Section 99.02 of the California Revenue and Taxation Code, commencing with Fiscal Year 2016/17.

**FUNDING:** General Fund.

### **DEPARTMENT RECOMMENDATION**

Conduct the public hearing, then consider adoption of the resolution approving the negotiated transfer.

### **DISCUSSION / BACKGROUND**

On June 10, 2014, the Board of Supervisors of the County of El Dorado adopted Resolution No. 064-2014, which supported the dissolution of the Latrobe Fire Protection District (LAFCO Project Number 2014-03) and the annexation of the Latrobe Fire Protection District's dissolved territory and sphere of influence territory by the El Dorado Hills County Water District (LAFCO Project Number 2014-04) and redistributed property tax base and annual property tax increment as a result of negotiations related to the dissolution and annexation.

In addition to the transfer of the property tax base from Latrobe and the increase of the annual increment to 17% for the consolidated district, the Board, in a separate action, also resolved to transfer a portion base property tax revenues from the County General Fund, the County Accumulative Capital Outlay Fund, the County Road District Tax Fund, and County Service Area #7 to the District. The transfer of the base property tax revenue requires very specific steps as set forth in the Revenue and Taxation Code. Among those steps is that each affected local agency must publish notice of the hearing to "consider the effect of the proposed transfer on fees, charges, assessments, taxes, or other revenues" prior to final approval of the transfer. It does not appear that notice of the June 10, 2014 meeting met this publication requirement or that the matter was agendized as a public hearing. Likewise, it does not appear that El Dorado Hills Fire published notice of their hearing approving the base property tax revenue transfer.

After consultation with County Counsel, Chief Administrative Office staff have determined that the action transferring the County's base property tax revenue to El Dorado Hills Fire was not valid due to the failure to meet the public hearing requirements set forth above.

Additionally, in order to make a transfer of the property tax base, specific findings, supported by facts in the record, must be made. While the necessary findings were made at the time of the June 10,

2014 meeting, after reviewing the record, staff and Counsel have determined that additional documentation to support those findings is necessary.

In order to be consistent with the intent of Resolution No. 064-2014 regarding the transfer of the base property tax revenue, on December 15, 2015, the Board authorized a transfer from General Fund Contingency in the amount of \$513,302 to make payment to the District equivalent to the amount of revenues that would have been transferred in fiscal years 2014-15 and 2015-16 if the original action had been valid. The Board also directed staff to return with a resolution amending Resolution 064-2014 to effect the base property tax transfer. Staff recommends that the transfer be solely a general fund transfer, not affecting the Road District, Accumulative Capital Outlay Fund, or CSA #7, as there are questions as to whether funds may, or should be diverted from those restricted sources for this purpose. Since this is a discretionary, negotiated action, it is recommended that the Board use only funds over which it has complete discretion.

CAO staff have worked with County Counsel and the District to draft the proposed resolution and schedule public hearings for both agencies. The resolution includes the following findings, as required by Revenue and Taxation Code Section 99.02:

- a. **Revenues are available for this purpose.** General fund property tax revenues for fiscal year 2016-17 are projected to be \$63,171,738, an increase of \$3,395,392 over the current fiscal year, and \$3,138,741 more than the amount to be transferred.
- b. **The transfer will not result in any increase in the ratio between the amount of County General Fund revenues that are generated by regulatory licenses, use charges, user fees, or assessments and the amount of revenues of the County used to finance its current level of service.** The County is not proposing to increase any fee, fine, charge, or assessment as a result of this transfer. The amount to be transferred will be offset by increased property tax revenues in fiscal year 2016-17, resulting in no net reduction of property tax revenue to the County;
- c. **The transfer will not impair the ability of the County to provide existing services.** Due to the projected increase in property taxes for fiscal year 2016- 17, this transfer will not reduce General Fund property tax revenue to the County below current levels; therefore, current levels of service will not be affected by this transfer.
- d. **The transfer will not result in a reduction of property tax revenues to school entities.** The County will ensure that all ERAF transfers that apply to the portion of the base property tax revenue are effected in accordance with all laws and regulations.

As stated above, this transfer will not reduce the County's General Fund base property tax revenue below the current fiscal year level due to projected growth in the County's total assessed value of 4% and the resulting projected increase of \$3,138,741 in base property tax revenues for FY 2016-17. This enables the County to implement this transfer with no effect on the County's ability to deliver its current level of services and without the need for any additional fees, charges, or assessments to make up for the reduction in revenue resulting from the transfer.

The \$256,651 gross transfer amount will be reduced by all required payments to the ERAF, so that revenues to school entities will not be affected by the transfer. The District will receive net revenues of approximately \$183,860 in FY 2016-17.

## ALTERNATIVES

The Board could consider an annual General Fund contribution rather than a permanent transfer of base property tax revenues.

**OTHER DEPARTMENT / AGENCY INVOLVEMENT**

Chief Roberts, of El Dorado Hills Fire, concurs with this action. County Counsel and the Auditor-Controller have reviewed the resolution.

**CAO RECOMMENDATION**

Conduct the public hearing and approve the resolution.

**FINANCIAL IMPACT**

Fiscal Year 2016-17 General Fund base property tax revenues will be reduced by \$256,651. In future years, the County General Fund will not receive the base revenue or any growth on the base revenue.

**CLERK OF THE BOARD FOLLOW UP ACTIONS**

N/A

**STRATEGIC PLAN COMPONENT**

Public Safety

**CONTACT**

Sue Hennike x5577